

RULES COMMITTEE REPORT

ARIZONA HOUSE OF REPRESENTATIVES Forty-ninth Legislature – First Regular Session

February 9, 2009

Mr. Speaker:

Your Committee on Rules reports that it has had under consideration

HOUSE BILL 2146

and respectfully recommends that the bill be amended as follows:

1 Page 2, after line 23, insert:

2 “Sec. 3. Section 20-371, Arizona Revised Statutes, is amended to read:

3 20-371. Rate administration

4 A. The director shall promulgate reasonable rules and statistical plans
5 that are reasonably adapted to each of the rating systems on file with the
6 director and that may be modified from time to time. An insurer shall use the
7 rules and statistical plans to record and report its loss and countrywide
8 expense experience in order that the experience of all insurers may be made
9 available, at least annually, in sufficient form and detail to aid the director in
10 determining whether rating systems comply with the standards set forth in this
11 article. The rules and plans may also provide for the recording and reporting
12 of expense experience items which are especially applicable to this state and
13 are not susceptible of determination by prorating of countrywide expense
14 experience.

15 B. In promulgating the rules and plans, the director shall give due
16 consideration to the rating systems on file with the director, and, in order that
17 the rules and plans may be as uniform as is practicable among the several
18 states, to the rules and to the form of plans used for comparable rating
19 systems in other states.

1 **C. An insurer is not required to record or report its loss experience on a**
2 **classification basis that is inconsistent with the uniform classification plan.**

3 **D. The director may designate an organization the director deems**
4 **qualified, other than an insurer that has outstanding obligations under a policy**
5 **of workers' compensation insurance in this state, to act as the director's**
6 **statistical agent. The statistical agent shall assist the director in gathering and**
7 **compiling workers' compensation experience and performing other related**
8 **services as the director may specify. The compilations shall be made available**
9 **subject to reasonable rules adopted by the director, to insurers and rating**
10 **organizations, but no insurer shall be required to file its experience with an**
11 **organization of which it is not a member.**

12 **E. Every insurer shall report its loss and expense experience to the**
13 **rating organization of which it is a member. The rating organization shall**
14 **report the insurer's experience to the designated statistical agent. If the rating**
15 **organization is unable to report the experience of its member insurers to the**
16 **designated statistical agent, every insurer that is a member of the rating**
17 **organization shall directly report its experience to the designated statistical**
18 **agent.**

19 **F. If there is more than one licensed rating organization that meets the**
20 **requirements of section 20-363, subsection E, the director shall designate one**
21 **of the organizations as the designated rating organization for the purpose of**
22 **annually making and filing with the director statewide workers' compensation**
23 **insurance rates that become effective on October 1 JANUARY 1.**

24 **G. The designated rating organization shall annually file its rate filing**
25 **with the director on or before August 1 for rates that become effective on**
26 **October 1 JANUARY 1. The director shall disapprove the filing if it does not**
27 **meet the standards of section 20-356, paragraph 1. An insurer transacting**
28 **workers' compensation insurance in this state shall adhere to the expected**
29 **loss ratios, ballast factors and other experience rating factors and to the**
30 **statewide rates and other rating values made by the designated rating**
31 **organization for the uniform rate filing, except that an insurer may deviate from**
32 **the statewide rate portion of the uniform rate filing according to section**
33 **20-359, subsection A.**

1 H. The director may allow the designated statistical agent and
2 designated rating organization to charge licensed rating organizations that
3 operate in this state a reasonable fee for their services. The licensed rating
4 organizations shall pay the fees on a ratable basis.

5 I. To further the uniform administration of rate regulatory laws, the
6 director and every insurer and rating organization may exchange information
7 and experience data with insurance supervisory officials, insurers and rating
8 organizations in other states and may consult with them with respect to rate
9 making and the application of rating systems.

10 J. If more than one rating organization meets the requirements of
11 section 20-363, subsection E, the director shall designate the statistical plan,
12 classification plan or experience rating plan adopted by the designated rating
13 organization or any other rating organization, or the plans of another state, as
14 the uniform statistical plan, the uniform classification plan or the uniform
15 experience rating plan.

16 K. If the director does not designate a uniform statistical plan, a
17 uniform classification plan or a uniform experience rating plan pursuant to this
18 section, each insurer shall adhere to the statistical plan, classification plan,
19 and experience rating plan adopted by the rating organization of which the
20 insurer is a member in this state."

21 Amend title to conform

and as so amended, in the opinion of this Committee the bill is constitutional and in
proper form.

WARDE V. NICHOLS, Chairman
STEVEN B. YARBROUGH, Vice-Chairman
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